CARLSBAD RANCH SPECIFIC PLAN

- The Carlsbad Ranch Specific Plan (SP 207) applies to Sites 2 and 3. The Specific Plan identifies permitted uses and development standards for the two sites. (Note: Although the Specific Plan also includes Site 1, the official Flower Fields®, no changes or new uses are being considered for the Flower Fields® as part of the community planning process to implement Proposition D).
- Although certain other uses are permitted on Sites 2 and 3 (e.g. agriculture, public park), the Specific Plan requires that the sites eventually be developed with golf uses.
- If open space uses other than golf are determined to be desirable for the sites as a result of the community planning process, an Amendment to the Specific Plan would be required to delete golf as the identified use for the sites. Besides City approvals, the Amendment would also require approval of the California Coastal Commission.
- Proposition D allows the City to amend existing land use documents such as the Carlsbad Ranch Specific Plan without a subsequent vote of the citizens if the amendment is consistent with the provisions of Proposition D and is being done to accomplish implementation of the Proposition.
- Although Sites 2 and 3 contain no significant environmental constraints, vehicular access rights to Cannon Road were waived as part of the Specific Plan approval. Direct vehicular access to Site 2 would need to be provided from either existing Car Country Drive or Armada Drive. Vehicular access to both of these roads could present some engineering problems and would have to be analyzed as there is a large, existing slope along the Car Country Road frontage and there is an existing road curve and pedestrian promenade on the Armada Drive frontage. Vehicular access to Site 3 would have to come from existing LegoLand Drive and would have to be analyzed and designed so that it does not adversely impact the entrance to LegoLand.
- There are existing, buried undercrossings to both Sites 2 and 3 under Cannon Road. These were planned as part of the Specific Plan to be used for golf cart paths to connect the sites to the north side of Cannon Road. These undercrossings could be used for pedestrian access/trails to link Sites 2 and 3 to Site 4.
- The Specific Plan established a maximum traffic generation limitation (69,376 ADT's) for all existing and future uses in Local Facilities Management Zone 13 in which Sites 2 and 3 are located. If alternative open space uses are identified for the sites as a result of the

community planning process, an analysis of traffic generation would need to be done (existing ADT's generated by existing uses in Zone 13 plus future ADT's generated by alternative open space uses for Site 2 and 3).

There are private C.C.&R's that apply to Sites 2 and 3. These C.C.& R's require that any development on the sites must comply with the Carlsbad Ranch Design Guidelines and receive approval from the Design Review Committee. Uses on the sites must be consistent with the existing Specific Plan. This raises the question of whether a future Amendment to the Specific Plan regarding permitted uses on Sites 2 and 3 would require an Amendment to the C.C.&R's which must be approved by a vote of the landowners in the Specific Plan. Finally, the C. C.& R's identify view corridors from LegoLand that could impact the height of any buildings or structures on Site 3.

LAND USE/ZONING PROFILE

Site: "3"

Location: South of Cannon Road, east of Legoland Drive, north of the LEGOLAND Theme Park and

west of the future Carlsbad Ranch Hotel and Timeshare project.

Assessor's Parcel Number: 211-023-13

Size: 26.45 Acres

Ownership: M/A Gabaee

General Plan Designation: OS (Open Space) - is defined as any area of land or water which, for

whatever reason, is not developed for urbanized uses and which therefore enhances residents' quality of life. The open space may be in its natural state or modified in such a way that the modification itself contributes to this enhancement. Open Space may include; 1) open for space for preservation of natural resources; 2) open space for managed production of resources; 3) open space for outdoor recreation (programmed or unprogrammed); 4) open space for aesthetic, cultural and educational

purposes; and 5) open space for public health and safety.

Zoning Designation: OS (Open Space) - Allowable uses include open space, public recreational

uses and agriculture. The OS Zone allows for Public facilities and structures and cultural, entertainment, and recreational activities and facilities through the

approval of a Conditional Use Permit.

Local Coastal Program Land Use Designation: OS (Open Space)

Local Coastal Program Zoning Designation: OS (Open Space)

Local Facilities Management Zone: 13

Other Applicable Regulatory Documents:

Carlsbad Ranch Specific Plan: The Specific Plan serves as the Zoning Ordinance for the subject property and all proposed uses must be consistent with the Plan. The Plan designates the primary use of the site for golf course and related golf course uses (driving range, putting green, etc.). Other permitted uses include Agriculture (various agricultural crops) and Non-Agricultural Uses (public parks, City picnic areas and playgrounds, public trails, public access easements and rights-of-way, public rest rooms, vista points). Accessory uses and structures permitted include public rest rooms, playground equipment, fencing, patios, stairways, barbeques and fire pits, parking, staging, processing and storage areas for agricultural crops, shade houses, etc.).

Comprehensive Land Use Plan McClellan-Palomar Airport (CLUP): The CLUP applies to lands likely to be impacted by noise and flight activity created by airport operations. These lands are identified by inclusion in the Airport Influence Area (AIA) and may be subject to the planning and review authority of the Airport Land Use Commission. The majority of the site falls within the AIA, but is located outside of the CNEL 60 noise contour and the Flight Activity Zone. The currently adopted CLUP does not present any additional regulatory requirements for this

site as long as proposed development is consistent with the existing General Plan, Local Coastal Program, Zoning, and Specific Plan designations.

Current Use: Agriculture - flower field crops

Adjacent Uses:

North:

Open Space - South shore of Agua Hedionda Lagoon

South:

LEGOLAND Theme Park

West:

Gemological Institute of America

East:

Vacant (future location of Carlsbad Ranch Hotel & Timeshare project under

construction)

Accessibility:

Vehicular:

Access rights have been waived on Cannon Road. A new access would

be needed from Legoland Drive.

Pedestrian:

A portion of the citywide trail system exists along the southern and

western portion of the site. Two pedestrian and bicycle under crossings

exist from the site under Cannon Road and Legoland Drive.

Bicycle:

Bicycle path exists along the southerly end of the site, as well as bike

lanes on Cannon Road.

Public Transit:

Presently there is no bus service on Cannon Road. Closest service is on

Palomar Airport Road.

Visibility: The site is visible from Cannon Road.

View Potential:

View of Agua Hedionda Lagoon from northern portion of site. Some distant

ocean view may be possible.

General Comments and Observations (including primary opportunities and constraints):

The site is visible from Cannon Road and has a view of Agua Hedionda Lagoon from the northern portion of the site. Vehicular access rights have been waived on Cannon Road so a new access would have to be planned from existing Legoland Drive with design consideration given to the existing roundabout and the entrance to LEGOLAND. Excellent opportunities exist to provide pedestrian/bicycle connections to properties to the north, south, east, and west, utilizing the existing under crossings of Cannon Road and Legoland Drive and existing and planned City trails.

The site is regulated by the Carlsbad Ranch Specific Plan (copy of applicable excerpts are attached) which designates the primary use of the site for golf course. If land uses or structures are proposed that are not consistent with the Specific Plan, the Plan would need to be amended and would require review and approval by the Airport Land Use Commission, the Planning Commission, and the City Council, with final review and approval by the California Coastal Commission. The Specific Plan also places a cap on the amount of traffic (69,376 ADT's) that can be generated by all existing and future uses within Zone 13. The San Diego Airport Authority is proposing amendments to the Comprehensive Land Use Plan for McClellan-Palomar Airport which could have impacts on the scope and intensity of future uses on the site.

LEGOLAND and the future Hotel/Timeshare Resort have expressed concerns with certain types of alternative land uses on this site. The main concerns for LEGOLAND and the Resort center on establishing adequate buffers and appropriate land uses for the site. From a proposed land use standpoint, they are most concerned with residential land uses and strongly believe that the normal, daily operations of a theme park and a resort are incompatible with residential land uses.

CARLSBAD RANCH SPECIFIC PLAN AMENDMENT SPECIFIC PLAN 207(D)

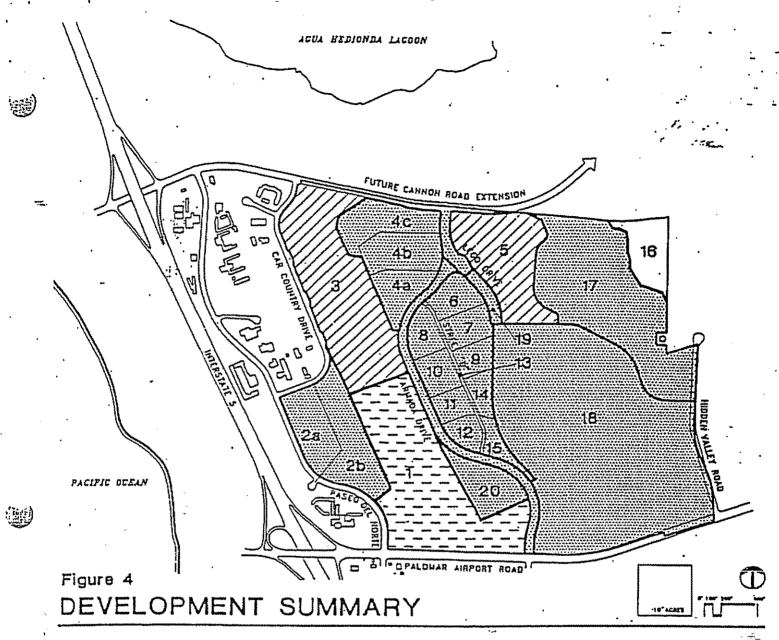
Prepared for:

Carlsbad Ranch Company

Prepared by:

Hofman Planning Associates

February 27, 1995
Revised April 1995
Revised October 1995
Revised January 1996
Revised May 1996
June 1999





DEVELOPMENT AREAS.

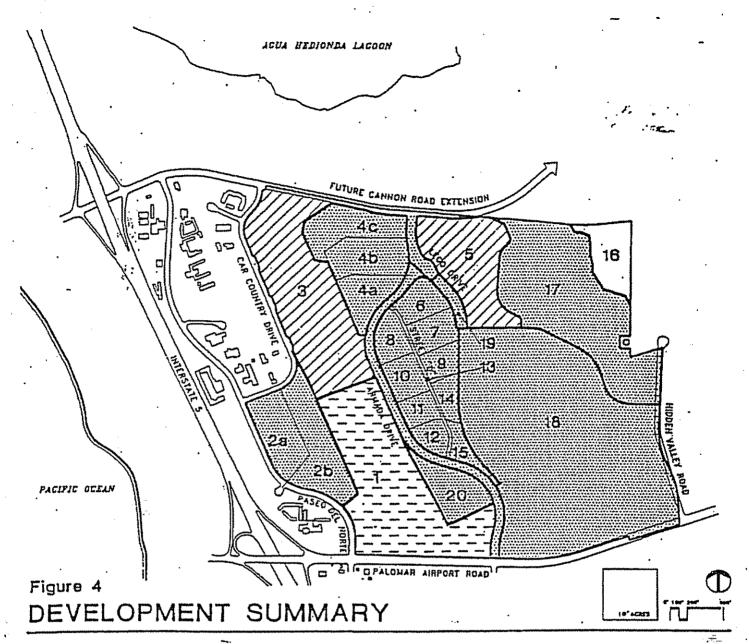


AGRICULTURAL



GOLF COURSE

NUMBER	LAND USE	ACRES (NET)	DEVELOPMENT PROGRAM
1	AGRICULTURE	53.42	EXISTING FLOWER FIELDS
2c,b	SPECIALTY RETAIL	26.65	300,000 SF
3°c,b	GOLF	45.61	4 HOLES OF GOLF
4a,b,c	G.I.A. VOCATIONAL SCHOOL	28.93	550,000 SF
,Š	GOLF	26.46	3 HOLES OF GOLF
6-12,14-15	RESEARCH & DEV'T	40.01	800,000 SF
13.	STREET "D" (PRIVATE)	1.97	·
16	OPEN SPACE	10.00	PRESERVE IN NATURAL STATE
17	RESORT	52.80	700 SUITES; 647:000 SF
18	LEGO FAMILY PARK	128.32	⁴ 25,750 S.F.
19	LEGO DRIVE (PRIVATE)	0.94	,
20 .	COMMUNITY HOTEL & RETAIL	10.48	212,080 SF; 280.ROOMS
	PUBLIC ROADS	21.81	
TOTAL SPECIFIC PLAN:		447.40 AC	2,934,830 SF





DEVELOPMENT AREAS



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GOLF COURSE

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3	GOLF-	25.45	3 HOLES OF GOLF
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13	STREET "D" (PRIVATE)	1.97	
	OPEN SPACE	10.00	PRESERVE IN NATURAL STATE
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Special Planning Considerations -- Airport

h. Goal A - A City which maintains land use compatibility between McClellan-Palomar Airport and surrounding land uses.

The Carlsbad Ranch Specific Plan area is located within the Palomar Airport Special Treatment Area as defined by the "Comprehensive Land Use Plan for Palomar Airport". As discussed in the Land Use Element of the General Plan, specific plans should be developed for properties located within the Airport Influence Area to ensure definite work programs for those identified key areas that affect the character of the entire community. Through the development of comprehensive design guidelines, the Carlsbad Ranch Specific Plan shall ensure the orderly and consistent development of all properties within the specific plan.

2. OPEN SPACE & CONSERVATION ELEMENT

a. Goal A.1 - Preserve and create an open space system

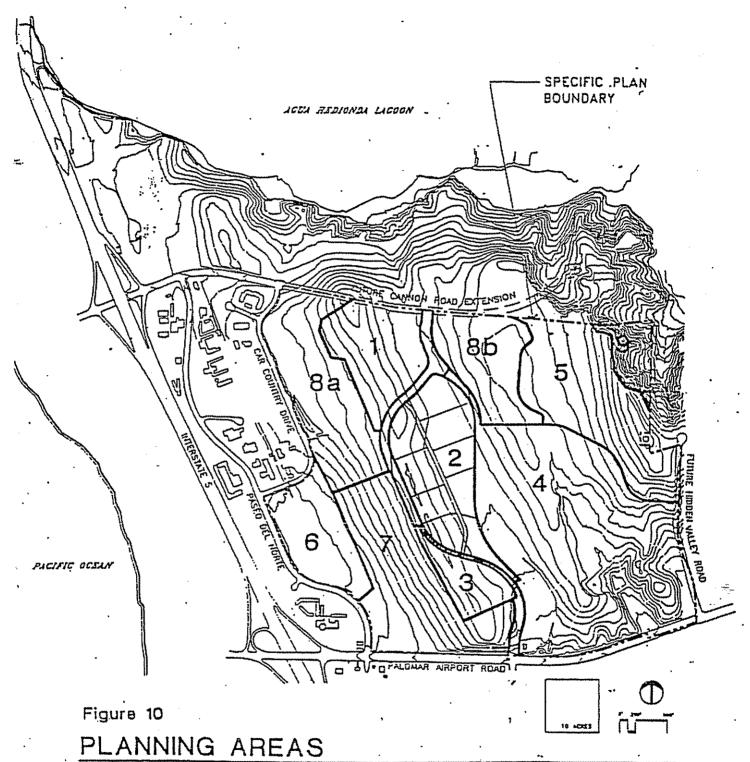
The first goal of the Open Space & Conservation Element Identifies the need to preserve and create open space systems that maintain community identity, achieve a sense of natural spaciousness, and provide a certain degree of visual relief to the cityscape. The Carlsbad Ranch Specific Plan provides for the preservation of all existing General Plan Open Space in addition to proposing additional General Plan Open Space for a golf course open to the public. The open space areas also include an area of native vegetation in the northeast corner of the specific plan area.

3. CIRCULATION ELEMENT

Streets And Traffic Control

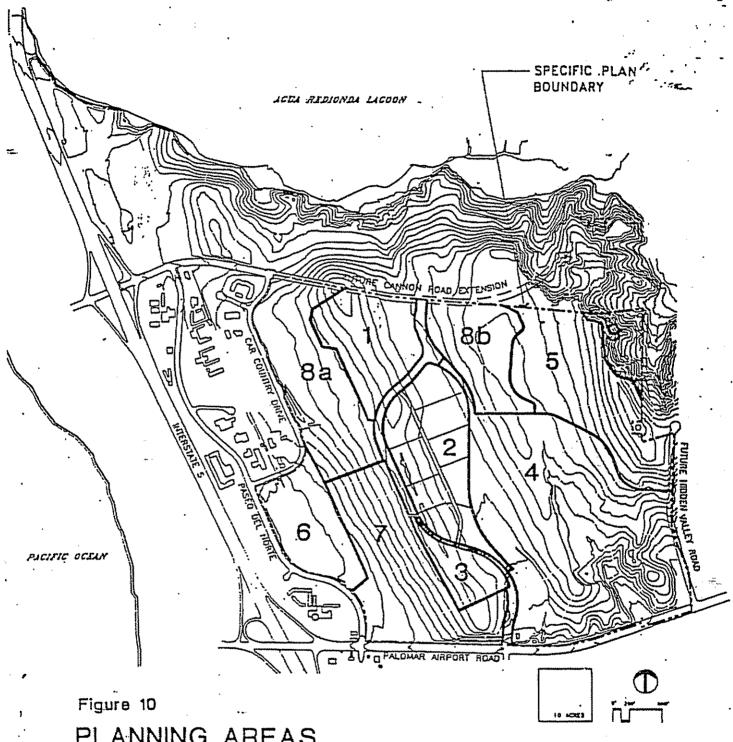
a. Goal A.1 - A City with an integrated transportation network serving local and regional needs.

The Carlsbad Ranch Specific Plan shall provide a comprehensive circulation system that will serve the present and future traffic needs of Carlsbad and the region as a whole. The proposed internal circulation system of the project creates a circulation pattern which provides logical links with the existing system. The Carlsbad Ranch's internal circulation system is also intended to enhance the existing network by providing alternative routes for movement.



- 1 GEMOLOGICAL INSTITUTE OF AMERICA
- 2 RESEARCH & DEVELOPMENT/OFFICE
- 3 COMMUNITY HOTEL & RETAIL
- 4 LEGO FAMILY PARK
- 5 RESORT

- 8 SPECIALTY RETAIL
- 7 FLOWER FIELDS
- Ba GOLF COURSE
- -8b GOLF COURSE
- 9 NATURAL OPENSPACE



PLANNING AREAS

- 1 GEMOLOGICAL INSTITUTE OF AMERICA 8
- 2 RESEARCH & DEVELOPMENT/OFFICE
- 3 COMMUNITY HOTEL & RETAIL
- LEGO FAMILY RARK
- 5 RESORT

- SPECIALTY RETAIL
- FLOWER FIELDS 7
- 8a GOLF COURSE
- GOLF COURSE
- NATURAL OPENSPACE

OPEN SPACE (OS):

The Open Space category provides for agricultural and recreational uses. Approximately 39.1 acres of land near the southwestern corner of the property are presently designated as Open Space. This area (Planning Area 7) is proposed to increase in size to 53.42² acres and is intended to remain in floriculture to maintain the local landmark "Flower Fields".

An additional 72.07² acres is proposed for designation as Open Space to provide a golf course open to the public. The golf course open to the public, on a fee basis, will consist of two areas. A portion of the golf course will be located north of the flower fields between Car Country Carlsbad on the west and the Gemological Institute of America on the east. The other portion of the golf course area will be located north of LEGOLAND Carlsbad, south of future Cannon Road and between the Gemological Institute on the west and the resort on the east.

POLICY 1-B: Plan for the intensification of areas designated for development in order to maximize the amount of land retained in agriculture, recreation and open space uses.

The development program for the Carlsbad Ranch establishes levels of development that encourage the maximum utilization of land set aside for development, thereby preserving larger land areas for agriculture, recreation and open space use, as well as establishing a pedestrian environment.

OBJECTIVE 2: Establish a mixed-use development by combining complementary uses around LEGOLAND Carlsbad that will become a focus and activity center for the City of Carlsbad.

The focus of the Specific Plan Amendment is to establish a family oriented theme park and create a destination resort. LEGOLAND Carlsbad will gain inspiration from the original LEGO Family Park in Billund, Denmark and the LEGO Family Park in Windsor, UK, presently under design. The Resort will further contribute to the success of LEGOLAND Carlsbad by providing amenities which will interact directly with the Park, such as providing quality lodging.

Acreages in this specific plan are based on tentative map level of analysis. The acreages may vary from those shown in LFMP 13 due to slight differences in the geographic area described and in the constraints considered (e.g. non-circulation element streets).

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PLANNING AREA 8 - GOLF COURSE

The golf course will be a 9-hole course and will cover over 70 acres in the northern portion of the specific plan. As proposed, the golf course will provide desirable open space buffers in the Carlsbad Ranch Specific Plan between Car Country, the Gemological Institute and the resort. A clubhouse, golf pro shop and parking lot will be located adjacent to the resort in Planning Area 5.

Access between the eastern and western parts of the golf course shall be provided on the SDG&E property on the north side of Cannon Road as shown on Figure 51 on page 168. One to two holes of the golf course may be located in this area. Golf cart overcrossings or under crossings of Cannon Road shall provide access to this area. If an overcrossing is determined to be the most viable alternative, then the design of the overcrossing shall be similar to the design shown on Figure 53 on page 170. An amendment to the SDG&E Specific Plan shall be required for this area to be used for a golf course. The portion of SDG&E property used for this section of the golf course will not be a part of the Carlsbad Ranch Specific Plan. The design and layout of the holes in this area as well as the rest of the golf course shall be determined as a part of the Site Development Plan for Planning Area 8.

A pedestrian/bike/golf cart trail shall be provided along the southerly edge of Planning Area 5 to provide a link from the specific plan golf course to the future City golf course to the east of the specific plan. This trail shall be designed as shown on Figure 52 on page 169. A golf cart undercrossing on Hidden Valley Road shall be provided to facilitate the joint use of the two golf courses.

Sophisticated computerized weather and water monitoring and delivery systems and reclaimed water will be used for irrigation. The course will be managed by the resort and be open to the public on a fee basis.

DEVELOPMENT STANDARDS

The following are specific development and design guidelines applicable to this Planning Area. However, Section III.A. GENERAL DEVELOPMENT STANDARDS AND DESIGN GUIDELINES beginning on page 63 contains additional development standards and design guidelines that are applicable to all Planning Areas within this Specific Plan Amendment.

a. <u>Permitted Uses</u>

- i. Agricultural Uses -
 - Field and seed crops;
 - Truck crops;
 - Horticulture crops;

- Orchards and vineyards;
- Pasture and rangeland;
- Tree farms;
- Fallow lands:
- Produce sheds.

ii. Non-Agricultural Uses -

- Golf course, driving range, putting green;
- Public parks;
- City picnic areas;
- City playgrounds;
- Public Trails:
- Public access easements and right-of-way;
- Public rest rooms:
- Fencing; :
- Transportation right-of-way;
- Vista Points;
- Other similar accessory uses and structures; determined by the Planning Director to be required for the conduct of principal use.

iii. Accessory uses and structures permitted:

- Public Rest Rooms, Changing Rooms;
- Playground Equipment;
- Fencing, Patios, Stairways, Barbecue and Fire Pits;
- Parking, Staging, Processing and Storage Areas for agricultural crops;
- Shade Houses;
- Other similar accessory uses and structures, determined by the Planning Director to be required for the conduct of the principal uses.

b. Parking Standards

Parking spaces for all permitted and ancillary uses shall be provided consistent with Section 21.44 of the Carlsbad Municipal Code. Parking for the golf course will be accommodated in the resort parcel, Planning Area 5, adjacent to the fitness center/clubhouse. Joint use of parking facilities is allowed based on the potential for shared/off-peak uses. Specific reductions in parking requirements shall be determined based on provisions set forth in Section 21.44.050(a)(4) of the Carlsbad Municipal Code.

C. LIBRARY FACILITIES

Zone 13, including the Carlsbad Ranch Specific Plan Area, will be developed with entirely non-residential uses. Therefore, no impacts will be generated by development in Zone 13 to the City's adopted performance standard, which requires that 800 square feet of Library Facilities per 1,000 population must be scheduled for construction within a five year period.

As mentioned under the City Administrative Facilities section, the City's Growth Management Ordinance does not count dormitory rooms as dwelling units nor are they considered to be permanent residences. For this reason the vocational campus will not be subject to the Library Facility Performance Standard. The landowner is compensating for any impacts generated by the dormitory uses through the payment of public facility fees and participation in the Citywide Mello Roos Community Facilities District which contribute toward the construction of Library Facilities.

As concluded in the Zone 13 LFMP, no mitigation is required for Zone 13 to meet the adopted performance standard.

D. PARK FACILITIES

Since the Carlsbad Ranch Specific Plan and the entire Zone 13 LFMP will be developed for non-residential uses, the established performance standard of 3 acres of . Community Park or Special Use Area per 1,000 population within the Park District does not apply to Zone 13 or the Carlsbad Ranch Specific Plan. However, the City has concluded that non-residents who work in the City also have an impact on the City's recreational facilities.

This specific plan proposes the development of a golf course open to the public and accessory uses as well as various trails and pedestrian walkways. These facilities will contribute to the recreational needs of the employees working within the specific plan area.

Recreation facilities will be implemented by the specific plan. A brief description of the recreation uses and facilities are as follows:

1.- GOLF COURSE

A 9-hole golf course will be developed in Planning Area 8 concurrent with the development of the resort in Planning Area 5. Although privately owned, this golf course will be open to the public.

F. SOLID WASTE

Solid Waste collection and disposal services are provided by the City of Carlsbad. The City contracts these services with Coast Waste Management, a private company.

G. ELECTRICITY

Electricity will be provided to the site by San Diego Gas and Electric Company. There currently exists circuit points along Palomar Airport Road and Paseo del Norte which are adequate to service the site.

H. NATÚRAL GAS

Natural gas will also be provided by San Diego Gas and Electric Company. There exist 3" high pressure gas lines within Palomar Airport Road, Cannon Road, Car Country Road and Paseo del Norte. The line within Palomar Airport Road will need to be extended easterly and then northerly into the site at the time of development. Also, the project lies within the service area of an existing 20 inch high pressure gas line.

I. TELEPHONE

Pacific Bell provides telephone service to this area. No service problems are anticipated with the development of this service area.

The planning and design of "dry" utilities (electricity, natural gas and telephone) are typically not started until the initial stages of the final design of the project site improvement and grading plans. Utility lines will be located underground and construction will be concurrent with development since these utilities are usually "joint trenched" within the public right-of-way. The costs of providing these improvements are typically passed onto the consumer via initial hookup fees and monthly charges.

J. CIRCULATION

The primary factors influencing and guiding development in the Carlsbad Rarich Specific Plan are the project's circulation impacts. The proposed development for the Carlsbad Ranch Specific Plan has been primarily constrained by a maximum generation of 69.376 Average Daily Trips (ADT's) for the Zone 13 area based on projected traffic intensity in the circulation system affected by the Carlsbad Ranch Specific Plan. This figure represents the maximum ADT's which can be accommodated by the build out design of the surrounding circulation facilities in particular, the I-5 interchanges with current peak hour assumptions related to the proposed land uses. The volume and distribution of traffic generated from the Carlsbad Ranch has been carefully analyzed to maintain conformance with the Zone 13 LFMP. Specific land uses, development locations and square footages

for the specific plan were determined as a result of the site's traffic considerations. The City of Carlsbad's Growth Management Program sets a Circulation Performance Standard which prohibits any impacted road segment or intersection within or outside of the zone to-exceed Service Level C during off-peak hours or Service Level D during peak hours.

To maintain an acceptable Level of Service on all roadways impacted by the Carlsbad Ranch Specific Plan, specific mitigation measures and circulation improvements have been identified.

The circulation improvements identified are categorized into projected improvements needed now, during development of Zone 13 and at build out. These time frames represent milestones as opposed to actual completion dates. The milestones are based on assumed traffic intensity from projected growth assumptions and therefore are intended to be used for planning purposes only.

As a means of ensuring facility adequacy, the City of Carlsbad has established the Growth Management Monitoring Program to monitor the City's growth and identify those facilities which fail to meet the City's Facility Performance Standards. If the City determines that the timing of the necessary improvements needs to be accelerated, then the required improvements must be adjusted to ensure conformance with the adopted Performance standard. However, if the proposed project is delayed or other traffic generating uses within the affected area are not developed, then the required construction or financial guarantee required to meet the Performance Standard may be delayed as long as the facilities are provided concurrent with need and a financing program guaranteeing their construction is in place.

A traffic report has been prepared concurrent with this specific plan to identify mitigation measures and circulation improvements needed as a result of development within the Carlsbad Ranch Specific Plan. To ensure consistency between mitigation measures in the specific plan and other concurrent applications, this report is also the basis for the circulation improvements identified for the entire Zone 13 area in the Zone 13 Local Facilities Management Plan Amendment. In addition, the report is also the basis for the traffic section of the Carlsbad Ranch Specific Plan EIR.

DOC # 1997-0150347

RECORDING REQUESTED BY

Recorded at Request of Viril American Tale C & 1 Dept

AND WHEN RECORDED MAIL TO:

CARLSBAD RANCH COMPANY, L.P. c/o Cacltas Company Attention: Christopher C. Calkins 5600 Avenida Encinas, Suite 160 Carlsbad, California 92008-4452 OFFICIAL RELEADS

SAN DIEGO COUNTY RECORDER'S DEFICE
EXEGORY SAITH, COUNTY RECORDER

OF 125.00

F: 1.00

UF: 1.00

1665

1149147-18

(SPACE ABOVE THIS LINE POR RECORDERS USE)

DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
CARLSBAD RANCH

SDRT\481652-18

Description: San Diego,CA Document-Year.DocID 1997.150347 Page: 1 of 63 Order: t Comment:

Declaration and agree to be bound by the obligations of an Owner hereunder, (ii) agree that this Declaration, upon recordation in the Official Records, shall be an encumbrance against title to their respective properties, and (iii) agree to hold title to their respective properties subject to this Declaration as a covenant running with the land. The foregoing consent and agreement of the Owners is evidenced by their execution of this Declaration as provided below.

V. Certain capitalized terms used in this Declaration are defined in Paragraph 15.1 below.

NOW, THEREFORE, the Property and each portion thereof is and shall be held, conveyed, hypotherated or encumbered, leased, rented, used, occupied and improved subject to the following covenants, conditions and restrictions all of which are declared to be in furtherance of a plan for the subdivision, improvements and sales of the lands and are established and agreed upon for the purpose of enhancing and protecting the value, desirability and attractiveness of the Property and every part thereof. All of the covenants, conditions and restrictions set forth herein are equitable servitudes and shall run with the land and shall be binding upon and inure to the benefit of all Owners having or acquiring any part thereof and their respective heirs, successors and assigns.

ARTICLE I - DESIGN REVIEW

Design Review Committee. There shall be a Design Review Committee comprised of two (2) persons appointed by Declarant, two (2) persons appointed by the Parcel 18 Owner, and one (1) person appointed by Owners comprising the Association (described in Paragraph 2.1 below), with the exception of Declarant and the Parcel 18 Owner. Declarant shall have the right and power to remove and replace any members of the Design Review Committee initially appointed by Declarant. The Parcel 18 Owner shall have the right and power to remove and replace any members of the Design Review Committee initially appointed by the Parcel 18 Owner. The Association, without participation by either Declarant or the Parcel 18 Owner in any such vote by Owners comprising the Association, shall have the right and power to remove and replace any members of the Design Review Committee initially appointed by the Association. If either Declarant or the Parcel 18 Owner fails to make any appointment within sixty (60) days after the date a vacancy on the Design Review Committee becomes available, the Association shall have the right and power to appoint such member(s). In appointing members to the Design Review Committee, Declarant, the Parcel 18 Owner and the Association shall give preference to individuals with architectural and engineering backgrounds who are familiar with the Carlsbad Ranch. At such time as Declarant has sold, conveyed or otherwise transferred parcels representing more than fifty percent (50%) of the total votes (as set forth in Paragraph 2.4 below) within the Carlsbad Ranch excluding the votes attributable to the Parcel 18 Owner, Declarant may, at any time thereafter, transfer to the Association its right and power to remove and replace one (1) additional member of the Design Review Committee. At such time as Declarant has

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sold, conveyed or otherwise transferred parcels representing one hundred percent (100%) of the total votes within the Carlsbad Ranch, Declarant shall be deemed to have automatically transferred to the Association its right and power to remove and replace members of the Design Review Committee. Thereafter, the Association shall have the right and power to remove and replace three (3) members of the Design Review Committee without participation by the Parcel 18 Owner in any such vote by Owners comprising the Association, and the Parcel 18 Owner shall have the right and power to remove and replace two (2) members of the Design Review Committee. The Design Review Committee shall administer the covenants, conditions and restrictions contained in this Declaration and the Design Guidelines (as defined below). The Design Review Committee members may designate a single representative to act for it, and the Design Review Committee may hire an independent consultant to review any Submittal (as defined below) and make recommendations to the Design Review Committee. The Design Review Committee shall act by majority vote of its members, but it shall require the unanimous vote of the Design Review Committee members to designate a single representative to act for

Guidelines. Declarant (with the consent and approval of the Owners) has promulgated design guidelines (the "Design Guidelines") setting forth the procedures for submission and approval of and the form and content of submittals for the use, erection, construction, installation or alteration of Improvements (as defined below), including Landscape Improvements (as defined below). The Design Guidelines are in addition to any design guidelines contained in the New Specific Plan. The Design Guidelines shall be and become effective as of the date upon which this Declaration is recorded in the Official Records. Notwithstanding Article VIII of this Declaration pertaining to amendment of this Declaration, the Design Review Committee may promulgate, from time to time, changes to the Design Guidelines so long as a majority of the members of the Design Review Committee are in agreement on any such change(s), unless the change(s) pertain to Paragraph 5.0 of the Design Guidelines containing design standards for the Central Ranch Area (as defined below), in which event a majority of the members of the Design Review Committee and the Parcel 18 Owner must be in agreement on any such change(s). The Design Guidelines shall be promulgated to assist Owners of Parcels within the Carisbad Ranch in the submission of plans and specifications. The Design Review Committee shall promulgate design criteria for signage. The Design Review Committee's design criteria for signage shall provide that for any tenant signage on the exterior of the specialty retail buildings, the City of Carisbad's approval of any tenant building signage as being consistent with the City's sign criteria or otherwise acceptable to the City shall exempt such tenant building signage from any requirement of plan review under this Declaration. In promulgating any changes to the Design Guidelines, the Design Review Committee shall apply standards consistent with the Government Regulations (as defined below) and the purpose of this Declaration. The Design Guidelines shall be made available, upon request, to the Owner of any Parcel within the Carlsbad Ranch. "Improvements" shall mean and refer to all structures and appurtenances thereto of every type and kind, including,

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but not limited to, buildings, outbuildings, garages, irrigation and drainage devices or systems, fences, screening walls, retaining walls, parking areas, loading areas, poles, light standards, monument signage and exterior building signage visible from any street and Landscape Improvements (as defined below), and excluding interior building improvements. "Landscape Improvements" shall mean and refer to any plantings, ground cover, trees and shrubbery existing on a Parcel or within dedicated streets or private streets as of the date of this Declaration or thereafter installed, together with any alterations, irrigation systems and equipment installed in order to enable reasonable maintenance of the plantings, ground cover, trees and shrubbery.

- 1.3 Plan Review. No Improvement of any nature whatsoever, including, but not limited in, any alteration or addition to any Improvements existing from time to time shall be constructed, installed, assembled, maintained or permitted to remain on any lot until plans and specifications for such Improvement ("Submittal") shall have been approved in writing by the Design Review Committee. All Submittals shall be prepared by an architect, landscape architect and/or engineer, licensed to practice in the state of California and shall be submitted in writing over the signature of the Owner or its authorized agent. Each Submittal shall conform to the Design Guidelines.
- 1.4 <u>Design Review Exemptions</u>. Any Improvements approved by Declarant under the First CC&Rs prior to the Effective Date shall be exempt (i.e., grandfathered) from the requirement of any plan review by the Design Review Committee and any View Corridor restrictions or limitations to the extent inconsistent therewith, provided that any material alteration, modification or addition to such Improvements shall be subject to plan review by the Design Review Committee pursuant to Paragraph 13 above. Prior to the Effective Date, Declarant has approved Improvements under the First CC&Rs for Parcels 2 and 3a (Craig Realty Group), Parcel 6 (NAMM), and Parcel 14a (hotel/timeshare resort). Declarant has also approved Improvements under the First CC&Rs prior to the Effective Date for the GIA Parcels; however, the GIA Parcels shall not, as of the Effective Date, be covered by this Declaration.
- disapproval of any Submittal on, among other things, the adequacy of site disapproval of any Submittal on, among other things, the adequacy of site dimensions; the conformity and harmony of external design and the Improvements located on other Property within the Association, the effect of location and uses of Improvements on other Property within the Association, operations and uses; the relation of the topography, grade and finished ground elevation of the site being improved to that of other Property within the Association; the proper facing of elevations with respect to nearby streets; and the conformity of the Submittal to (i) any present and future governmental laws, statutes, codes, ordinances, rules, regulations, limitations, restrictions, orders, judgments and any other applicable governmental requirements (collectively, the "Government Regulations"), (ii) this Declaration, and (iii) the Design Guidelines. If the Design Review Committee fails either to approve or disapprove any Submittal within thirty (30) days after the same

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has been submitted to and received by the Design Review Committee, it shall be conclusively presumed that the Design Review Committee has disapproved the Submittal. No Owner may commence the construction of any Improvement until such approval is obtained. Notwithstanding anything herein to the contrary, approval by the Design Review Committee is not exclusive and all plans and specifications required to be approved by the City of Carlsbad or any other governmental agency, whether through the building permit process or otherwise, must be so approved prior to the commencement of construction. Each Owner is responsible for identifying and conforming with all requirements of Government Regulations. If any requirement imposed by the City or other Government Regulations is different from a requirement contained herein or in the Design Guidelines, the more restrictive requirement shall control.

- Construction. Upon receipt of approval from the Design Review Committee pursuant to this Article I, the Owner to whom the same is given shall, as soon as practicable, satisfy all conditions thereof and diligently proceed with commencement and completion of all approved construction and alterations. Such Owner shall conduct its construction project using reasonable and diligent efforts to minimize any interference or inconvenience to other Owners. In all cases, work shall be substantially completed within twenty-four (24) months from the date of such approval unless such approval contemplated a phased construction project and/or a longer period of time for substantially completing the work. The term "substantial completion" shall mean the date on which final city inspection is obtained for the building shell. Any Owner shall use its reasonable best efforts to substantially complete, or cause to be substantially completed, any approved construction and alterations within twenty-four (24) months after receipt of the Design Review Committee's approval. If there is a failure to comply with this Paragraph, then the approval given pursuant to this Paragraph shall be deemed revoked unless the Design Review Committee, upon request made prior to the expiration of such twenty-four (24) month period, extends the time for completing the work.
- 1.7 <u>Landscaping</u>. Landscape Improvements for each lot, as approved by the Design Review Committee, shall be installed prior to the date of occupancy by any Owner, lessee or sublessee of such lot or date of substantial completion of the building, whichever occurs first, unless the Design Review Committee shall have approved in writing another final date of landscape installation.
- 1.8 No Liability for Approval Errors. Declarant, the Association, the Board, the Design Review Committee, and their respective agents, employees, members or officers shall not be liable for any damage, loss or prejudice suffered or claimed by any Person on account of (i) the approval or disapproval of any plans or specifications for Improvements in conformance with this Declaration; (ii) the construction or performance of any work or improvement; (iii) any defects in any plans, drawings, specifications or other documentation or any structural or other defects in any work, whether or not pursuant to approved plans or specifications; or (iv) the development of any Parcel within the Property; provided, however, that

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nothing in this Paragraph 1.8 shall prohibit any claim against any Person by reason of the construction of Improvements by or on behalf of such Person.

ARTICLE II - ASSOCIATION

- Organization and Membership. Every Owner shall automatically upon becoming the record Owner of a Parcel be a member of the Carlsbad Ranch Maintenance Association II (the "Association") and shall remain a member until such time as the Owner ceases to be an Owner for any reason, at which time its membership in the Association shall automatically cease. Such membership shall be appurtenant to and pass with the ownership of the Parcel. Declarant shall form the Association promptly after the recordation of this Declaration in the Official Records. The Association shall be organized as a California corporation under the California Nonprofit Corporation Law.
- 2.2 <u>Dulies</u>. The Association shall be charged with the duties prescribed by law and set forth in this Declaration, the Association articles ("Articles") and bylaws ("Bylaws"), including, without limitation, the following:
 - (a) Fix, levy, collect and enforce assessments.
- (b) Maintain, repair and manage the Landscape Maintenance Areas and all facilities and Improvements located thereon, and any other areas, facilities and Improvements required by this Declaration.
- (c) Discharge by payment, if necessary, any lien against the Landscape Maintenance Areas.
- (d) Maintain such policy or policies of insurance as it deems necessary, to the extent available at a reasonable cost.
- (e) Pay all expenses and obligations incurred by the Association in the conduct of its business.
- 2.3 Powers. The Association shall have the following powers and rights, in addition to those provided elsewhere in this Declaration, the Articles and the Bylaws and those powers granted to a nonprofit mutual benefit corporation pursuant to the California Corporations Code:
- (a) Acquire, own, convey, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association.
- (b) Lavy and collect Assessments pursuant to Article IV and to perfect and enforce liens in accordance with the provisions of Article VI.

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"Property" as used herein shall be defined to include such annexed parcels, and such parcels shall be subject to all of the terms and conditions of this Declaration. At such time as the GIA Parcels are annexed into the Property covered by this Declaration, the allocation of votes and the assessments described in Article IV above shall be proportionately adjusted. Until the GIA Parcels are annexed into the Property covered by this Declaration, the GIA Parcels shall continue to be subject to the First CC&Rs, and any assessments assessed against the GIA Parcels pursuant to the First CC&Rs shall be used by the Association (to the extent received by the Association) for the purpose of paying the maintenance costs incurred by the Association pursuant to Article III above as if the GIA Parcels are included within the Property covered by this Declaration.

- (b) Annexation Generally. Except as provided in Paragraph 4.3(a), any other real property may be later annexed to this Declaration by amendment to this Declaration.
- 4.4 <u>No Offsets.</u> All assessments shall be payable in the amounts specified by the particular assessment, and no offsets against such amount shall be permitted for any reasons, including, without limitation, a claim that the Association is not properly exercising its duties of maintenance, operation or enforcement.
- 4.5 Transfer of Property. After transfer of any Parcel within the Carisbad Ranch, the transferring Owner shall not be liable for any assessment levied on the transferred Parcel after the date of transfer and delivery of written notice of such transfer to the Association. The transferring Owner shall remain responsible for all assessments and charges levied on its Parcel prior to any such transfer.

ARTICLE V - PROHIBITED USES AND PROTECTION OF VIEW CORRIDORS

- 5.1 <u>Permitted Uses.</u> Unless otherwise specifically prohibited herein, permitted uses shall include those uses permitted by the Amended Specific Plan, as amended by the City ("Permitted Uses").
- 5.2 <u>Prohibited Uses</u>. No parcels within the Carlsbad Ranch shall be used for any of the following uses ("Prohibited Uses"):
- (a) Residential use (i.e., single-family or multi-family residential dwelling units, but not including either (i) any hotel/timeshare use or similar lodging concepts or (ii) any use of dormitories or similar kinds of residential facilities for students or faculty on Parcel 4) before the year 2002 and thereafter residential use shall be prohibited only on Parcels within the Central Ranch Area (i.e., Parcels 1, 5b, 9, 10, 11, 14a, 14b and 15). If the GIA Parcels are annexed to the Property covered by this Declaration as contemplated in Section 4.3 above, any use of dormitories or similar kinds of residential facilities for students or faculty on the GIA Parcels shall not be a Prohibited Use.

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- (b) Indoor or outdoor theme parks, water parks, amusement or recreation centers, zoos, circuses, carnivals or other family entertainment facilities comparable in character or scale to LEGOLAND or which otherwise compete with LEGOLAND, as reasonably determined by the Parcel 18 Owner; provided, however, an outdoor theme park shall not be a Prohibited Use for Parcel 18;
- (c) Uses involving any nodous odors or danger of fire or explosion, including drilling for and removing oil, gas or other hydrocarbon substances or refining of petroleum or petroleum products or the commercial storage thereof, or smelting of any ore, to the extent that the foregoing would have an adverse impact on the use of any other Parcels within the Carlsbad Ranch;
- (d) Uses involving excessive emission of dust, fumes, smoke, steam, heat, vapor, noise or radiation to the extent such uses are not contained within a structure and to the extent that the foregoing would have an adverse impact on the use of any other Parcels within the Carisbad Ranch;
- (e) Uses involving or emitting air or water pollution or violating applicable zoning or any other governmental laws or regulations;
- (f) Except for customary access, maintenance and construction, all business and other activities (excepting only al fresco dining which shall be permitted) within the Central Ranch Area shall be conducted within the buildings and other enclosures permitted thereon and there shall be no outside display or sale of merchandise within the Central Ranch Area except as expressly permitted by this Declaration or the Design Guidelines;
- (g) Hospitals, sanitariums, health or veterinary clinics exceeding 10,000 square feet in any one instance or as other than ancillary uses within the Central Ranch Area;
- (h) Exploration or mining operations which involve surface disruptions to the site or which otherwise interfere with the use of any other Parcels within the Carlsbad Ranch;
- (i) Waste disposal, or other dumping, incineration or reduction of garbage, sewage, offal, dead animals or other refuse or junk yards or recycling sites;
 - (j) Cemeteries:
 - (k) Stockyard or slaughter of animals:
 - Gambling facilities and casinos;
- (m) "Adult" bookstores, movie theaters, nightclubs or other objectionable sexually oriented facilities;

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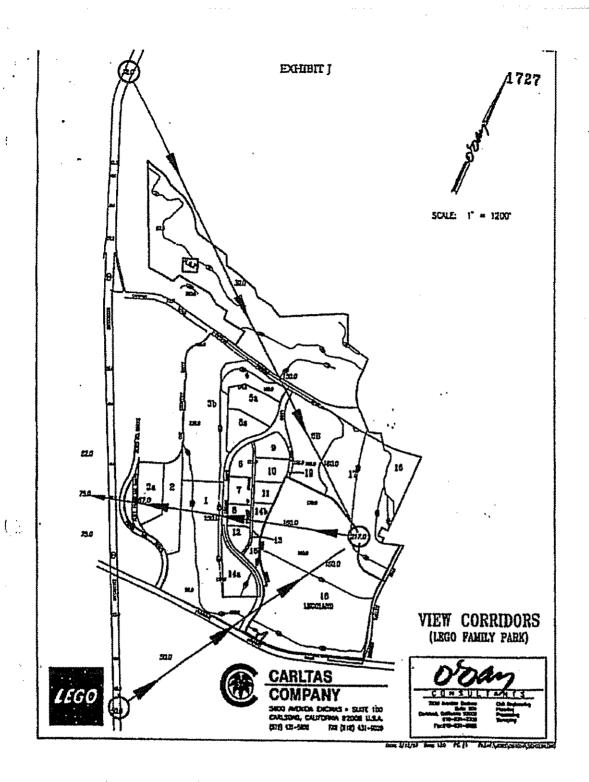
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- (n) Jall or honor farms; and
- (o) Fast food restaurants or concessions or free standing restaurants within the Central Ranch Area.
- 5.3 <u>View Corridors.</u> In no event shall any Improvements be constructed encroaching into the protected view corridors described as follows:
- (a) From Interstate 5 in a northeasterly direction toward Parcel 18, depicted as View Corridor 1 on Exhibit I attached hereto;
- (b) From Parcel 18 in a westerly direction over Parcels 6, 7, 8 and loward the Pacific Ocean, depicted as View Corridor 2 on Exhibit I; and
- (c) From Interstate 5 in a southeasterly direction toward Parcel 18, depicted as View Corridor 3 on Exhibit I.

(Referred to individually as "View Corridor 1," "View Corridor 2" and "View Corridor 3" and collectively as the "View Corridors.") The purpose of View Corridor 1 is to protect an unobstructed partial view of Parcel 18 (LEGOLAND) from the northbound lanes of I-5, the purpose of View Corridor 2 is to protect an unobstructed partial view of the Pacific Ocean from Parcel 18, and the purpose of View Corridor 3 is to protect an unobstructed partial view of Parcel 18 from the southbound lanes of I-5. The View Corridors may not be changed or materially obstructed without Parcel 18 Owner's prior written consent.

- 5.4 Protection of View Corridors. In order to protect the views contemplated by the View Corridors, the following restrictions or limitations shall be applicable:
- (a) No improvement shall exceed the higher of three (3) stories or forty-five (45) feet in height as projected to a vertical plane, on any of the R&D Parcels (the Parcels zoned for Research and Development/Office use (39 acres)) and Parcel 14a (the Parcel zoned for Community Hotel and Retail use (10 acres)) (collectively, the "View Corridor Parcels"). A variance in excess of any of these limitations may be granted upon application for review and approval by the Design Review Committee for architectural decorations only.
- (b) The building pads on the View Corridor Parcels shall be rough graded in accordance with the mass grading specifications set forth in the tentative subdivision map covering the Research and Development/Office and Community Hotel and Retail portions of the Carisbad Ranch as approved by the City.
- (c) Improvements on the View Corridor Parcels shall not be monolithic in appearance or located (i.e., configured) so as to create the appearance of a solid barrier, thereby obstructing views.

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